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MATTERS RELATING TO ARRANGEMENTS FOR THE FINANCIAL MECHANISM AND FOR TECHNICAL AND FINANCIAL SUPPORT TO DEVELOPING COUNTRY PARTIES

IMPLEMENTATION OF ARTICLE 11 (FINANCIAL MECHANISM), PARAS. 1-4

Report on a permanent and feasible monitoring system and on the activities of regional and multilateral financial and other institutions relevant to climate change

Note by the interim secretariat

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I. INTRODUCTION

A. Committee mandate

1. At its ninth session the Committee concluded that "a permanent and feasible system of monitoring the activities of regional and multilateral financial and other institutions relevant to climate change should be envisaged. In this regard, the interim secretariat was requested to contact the appropriate institutions and present a report on their activities relevant to the ultimate objective of the Convention, including activities with respect to Article 4.1, to the Committee at its tenth session" (A/AC.237/55, para. 87).

B. Scope of the note

2. This note describes the current work of the interim secretariat in the area of information collection and processing regarding activities relevant to climate change and discusses options for establishing a permanent and feasible system of monitoring the activities of regional and multilateral financial institutions relevant to climate change. In lieu of a report on the activities of the regional and multilateral financial institutions, delegations are requested to see the CC:INFO folder that will be made available to them at this session.

C. Possible action by the Committee

3. The Committee may wish to define the scope of information to be monitored and the process of its review, to consider the options outlined below and to recommend a permanent and feasible system of monitoring the climate change related activities of regional and multilateral financial and other institutions.

II. MONITORING SYSTEM

A. Existing monitoring activities

4. The interim secretariat has already collected some information on the activities of various organizations, including several international financial institutions. Information is being obtained from United Nations entities and other relevant international organizations on their activities related to climate change. A first collection of such information was presented to the Committee at its eighth session (A/AC.237/39 and Add.1).

5. Similarly, within the context of the climate change information exchange programme (CC:INFO -- previously known as Climex), information is also being collected from various organizations, including some international financial institutions, concerning their activities related to climate change, especially in the area of enabling activities, such as country studies, and the availability of different kinds of resources.

6. There has been large correspondence between these two information collection activities and the interim secretariat has therefore decided to merge them under CC:INFO (A/AC.237/75).

7. In response to letters sent out by the interim secretariat, following a request by the Committee, information has been received from the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the Global Environment Facility, the Inter-American Development Bank, the International Fund for Agricultural Development, the Islamic Development Bank, the Organization of Petroleum Exporting Countries (OPEC) Fund for International Development and the World Bank.

8. Information that has been obtained so far from the entities of the United Nations system and other relevant international organizations (A/AC.237/39 and Add.1), and that collected within the context of the CC:INFO programme, as well as information received from the above-named financial institutions, has been included in the CC:INFO folder that will be made available to all participants at the tenth session. The information from these financial institutions is presented in the standardized CC:INFO database format. This information gathering exercise is not complete and will be continued and adjusted to monitoring needs.

9. The information available in the CC:INFO database may be used for general monitoring of the activities of these organizations and the availability of resources for climate change activities. In addition to names, addresses and contact details, the information collected includes the types of activities that these institutions are involved in and the resources available to them for supporting country activities related to climate change. While this information package is not complete for all the relevant financial institutions, it can provide useful general information on their climate change related activities and on the resources available to them for assisting countries.

B. Options for a permanent and feasible monitoring system

10. Based on the mandate recalled above, the purpose of the considered monitoring system would be to provide the Committee, and, later, the Conference of the Parties (COP), with information about the way in which the activities of regional and multilateral financial institutions relate to the objective of the Convention.

11. A permanent and feasible monitoring system should be designed in accordance with needs defined by the Committee and in particular with the review process that the Committee

envisions for the information collected. The definition by the Committee of the review modalities will determine the modalities (level of detail, timing) of information collection. The Committee may also wish to define what activities should be monitored. (This issue is also related to that of consistency, addressed in document A/AC.237/71.) In addition, the Committee may wish to define who should undertake the review (for example, the COP, a subsidiary body, or another body).

12. One option would be for the Committee to design a review process that could utilize information available within the framework of the CC:INFO database. Such information could be modified incrementally to provide a more comprehensive coverage of financial institutions, a broader coverage of activities, or an enhanced periodicity of information collection.

13. Another option would be for the Committee to design a review process that would require a considerably greater level of detail than could be available through the CC:INFO database. At the extreme, this could consist in project-by-project monitoring. This would also involve the definition of precise standards for project evaluation. It should, however, be noted that the climate change impact of activities can only be evaluated vis-à-vis a baseline which would need to be defined at the national level. Such an option would also involve considerably higher costs of information collection and review on the part of the COP and the secretariat, as well as costs for the institutions and countries involved in providing information. One may therefore question whether this option would pass the feasibility test.

14. In designing a permanent and feasible monitoring system, efforts should be made to harmonize it with reporting and information collection activities for the purposes of the Commission on Sustainable Development.